REMARKS

Claims 1-5, 7-9, 12-16, 18-20, 22-26, 28-29, 32-36 and 40-45 remain in this case for consideration. Claims 1-4, 8-9, 12, 15, 19, 20, 22, 25, 28, 29, 35, 42 and 45 have been amended to better define Applicant's invention.

A. Interview Summary

Applicants would first like to thank Examiner Daniel for taking the time to speak over the telephone with Applicants' attorneys on December 21, 2006 about how Applicants' invention differs from the cited prior art. At the beginning of the telephone interview, Applicants' attorneys explained how, under the conventional approach, wireless telephone billing calculations are typically performed and billing information is typically stored at a central network server run by the system provider. Applicants' attorneys also explained how, in Applicants' view, the cited Carlsson, Julin and Dent references, for example, illustrate this conventional "network centric" approach to billing. Applicant's attorneys then explained how Applicants' assignee, Telemac Corporation ("Telemac"), has taken a dramatically different approach to wireless telephone billing by moving important billing operations away from a central network server and into the wireless telephone itself. This new approach is referred to as "handset based." Initially, this handset based approach was done by Telemac using a single account stored in the wireless device in the manner described in the cited McGregor patent. As explained by Applicants' attorneys, Applicants' present application discloses and claims important improvements upon the basic "handset based" technology described in the McGregor patent by allowing multiple accounts to be stored within the wireless device and selectively charged based upon varying criteria. Unfortunately, the interview concluded without agreement being reached on allowable claims. As reflected in the Examiner's January 3, 2007 "Interview Summary", Examiner Daniel advised Applicants to file a formal response which Examiner Daniel would consider and respond to.

B. Prior Art Rejections

1. The Invention

Applicants have invented an improvement to the "handset based" wireless technology described in their earlier commonly assigned McGregor U.S. Patent No. 5,577,100 which now allows a plurality of accounts, each with an account balance, to be internally stored and managed within a wireless device. In the present application, these multiple accounts, which can include prepaid and/or credit limit accounts, are managed within the wireless device by an account management application. The account management application cooperates with an internally stored accounting application to selectively charge one of the plurality of internally stored accounts after the accounting application has calculated charges for a communication. The internal account which is charged can be selected in multiple ways, including by the wireless device user or automatically based upon an algorithm. Such an algorithm could, for example, select the internally stored account based on the origin or destination of the communication. In one preferred embodiment, the internally stored accounts correspond to a first and second line. The first line might be used, for example, for business calls while the second line is used for personal calls.

2. The Cited Art Distinguished

Applicants' claims 1-7, 9-11, 13-18, 20-21, 23-27, 29-33 and 35-45 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over Carlsson's U.S. Patent No. 6,026,291 ("Carlsson patent") in view of McGregor's U.S. Patent No. 5,577,100 ("McGregor '100 patent"). The Carlsson patent discloses a cellular system in which multiple accounts for each cellular telephone can be maintained at the Home Location Register ("HLR") in the wireless provider's offices. The Carlsson patent is an example of the conventional "network centric" approach that Applicants are trying to avoid. In operation, the Carlsson patent user can select an appropriate HLR account which choice is then communicated to an HLR computer at the wireless provider's offices. The wireless provider then calculates the appropriate call charges in the HLR computer

at their offices and applies those charges to the appropriate HLR account maintained at their offices.

Applicants' invention is fundamentally different from Carlsson's network centric system. In Applicants' invention, the accounts with their account balances are stored and maintained on the wireless device itself, rather than at a distant network computer. While, in a previous office action, the Examiner disputed that Carlsson's "subscription accounts" are stored at the wireless provider's office, the Examiner now correctly acknowledges that "Carlsson does not specifically disclose having the feature each having an internal account balance." (Office Action, p. 4). Moreover, unlike Carlsson's network centric system, the calculated charges in Applicants' claimed invention are made by an accounting application which resides on the wireless device.

A major problem for the type of network centric systems disclosed in the Carlsson patent is that for time-critical applications, such as prepaid or credit limit mobile phone billing, there is a need in the network centric systems for near real time communication between the network and the wireless device so that a user telephone call can be prevented or quickly terminated if the wireless device user has exhausted his or her prepaid or credit limit account balance. Such ancillary network to wireless device billing communications effectively reduces the capacity of the network to support traffic and subscribers. Such ancillary billing communications also detract from scalability for the wireless system. Further, network centric systems tend to introduce delays (latency) into call set-up that may cause subscriber dissatisfaction and may be vulnerable to allowing unpaid traffic (revenue leakage) due to polling intervals or the inability to end calls in progress.

By contrast, in Applicants' system, calls can be immediately restricted or cutoff when prepaid funds are exhausted or the credit limit is reached. An additional advantage of Applicants' system is that the user can readily see their account balance.

With respect to the McGregor patent, Applicants are well aware of the McGregor patent since the McGregor patent is commonly owned with the present application and was discussed on the first page of Applicants' specification. While Applicants acknowledge that the McGregor patent discloses a pioneering wireless system where a single account can be

maintained on the wireless device, Applicants nonetheless submit that this pioneering McGregor disclosure does not render the present improvement inventions unpatentable for being "obvious."

On the issue of "obviousness," the Patent Office bears the burden of establishing a case of *prima facie* obviousness. *In re Fine*, 837 F.2d 1071, 1074 (Fed.Cir. 1988). To determine whether or not the claimed subject matter can properly be viewed as being "obvious" under 35 U.S.C. § 103, "the scope and content of the prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art resolved… Such secondary considerations as commercial success, long felt but unsolved need, failure of others, etc. might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 86 S.Ct. 684, 694, 15 L.Ed.2d 545 (1966).

The Court of Appeals for the Federal Circuit elaborated on this obviousness test in *In Re Kotzab*, 217 F.3d 1365, 1369-1370 (Fed.Cir. 2000)(citations omitted):

"A critical step in analyzing the patentability of claims pursuant to section 103(a) is casting the mind back to the time of invention, to consider the thinking of one of ordinary skill in the art guided only by the prior art references and the then-accepted wisdom in the field… Close adherence to this methodology is especially important in cases where the very ease with which the invention can be understood may prompt one 'to fall victim to the insidious effect of hindsight syndrome wherein that which only the inventor taught is used against its teacher'…

Most if not all inventions arise from a combination of old elements…Thus, every element of a claimed invention may often be found in the prior art…However, identification in the prior art of each individual part claimed is insufficient to defeat patentability of the whole claimed invention…Rather, to establish obviousness based upon a combination of the elements disclosed in the prior art, there must be some motivation, suggestion or teaching of the desirability of making the specific combination that was made by the applicant." *See also* *In re Gordon*, 733 F.2d 900, 902 (Fed.Cir. 1984) ("The mere fact that the prior art could be so modified would not have made the modification obvious unless the prior art suggested the desirability of the modification").

Moreover, a "useful general rule" is that references which "teach away cannot serve to create a prima facie case of obviousness." *McGinley v. Franklin Sports, Inc.*, 262 F.3d 1339, 1354 (Fed.Cir. 2001) (citations omitted). "Proceeding contrary to the accepted wisdom… is 'strong evidence of unobviousness.'" *Ruiz v. Foundation Anchoring Systems, Inc.*, 234 F.3d 654, 667 (Fed.Cir. 2000) (citations omitted).

In addition to suggesting or motivating one of ordinary skill in the art to combine the prior art to make the claimed invention, the prior art must also have taught that such a combination would have a "reasonable expectation of success." *In re Vaeck*, 947 F.2d 488, 493 (Fed.Cir. 1991). "'Obvious to try' has long been held not to constitute obviousness." *In re Deuel*, 51 F.3d 1552, 1559 (Fed.Cir. 1995).

With these legal principles in mind, the merits of the obviousness rejections will now be addressed.

In determining that it was obvious to combine the teachings of Carlsson and McGregor, the Office Action simply asserts that the two references are "in the same field of endeavor". (Office Action, p. 4). Significantly, the Office Action fails to point to any teaching or suggestion in the Carlsson patent that Carlsson's subscription registers should be moved from the network server to the user's handset. Similarly, the Office Action fails to point to any teaching or suggestion in the McGregor patent that a plurality of accounts, rather than just a single account, should be stored on the user's handset. At best, the Office Action impermissibly uses the hindsight of Applicants' teachings to argue that it would be "obvious to try" making Applicants' invention. *In Re Deuel, supra,* 51 F.3d at 1559 ("'Obvious to try' has long been held not to constitute obviousness.").

Moreover, the Office Action's analysis ignores the Carlsson patent's affirmative teachings away from the present invention by Carlsson's disclosure that his subscription accounts need to be maintained at the network so that account information can be readily transferred between the home switch's HLR and a Visitor Location Register ("VLR") at a different switch when the cellular phone is "roaming" (see, Carlsson Fig. 2 and col. 5, lns. 22-34). *McGinley, supra,* 262 F.3d at 1354 (references which "teach away cannot serve to create a prima facie case of obviousness"). Since there is no "suggestion" to combine the McGregor and Carlsson patents

in the manner suggested by the Examiner and there is, in fact, an affirmative "teaching away", the McGregor and Carlsson patents cannot be combined to render any of Applicants' pending claims unpatentable as being "obvious."

Applicants' claims 8, 19 and 28 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over Carlsson's patent in view of McGregor's patent as applied to claims 1, 15, and 25, and further in view of Julin's U.S. Patent No. 6,212,372 B1 ("Julin patent"). Like the Carlsson patent, the Julin patent discloses a network centric system in which call charges can be made to either of two accounts. In Julin's preferred embodiments, the identities of the two accounts are stored at opposite ends of a subscriber identity module ("SIM"). By choosing which end of the SIM to insert into the mobile telephone, the user can select which account to use. When the user plugs a chosen end of the SIM into the mobile telephone, the selected account information is communicated to the HLR at the wireless provider's network computer (see, Julin patent, col. 4, lns. 43-49). The wireless provider's network computer then calculates call charges in the standard way and applies those call charges to the chosen account stored at the network computer.

Neither the network centric Carlsson nor Julin patents disclose Applicant's invention of: (1) having an account management application on the wireless device to internally store and manage a plurality of accounts on the wireless device and (2) having an accounting application on the wireless device which calculates charges for a communication and cooperates with the account management application to selectively charge one of the plurality of internally stored accounts for said communication. Such teachings are also missing from the McGregor patent. Further, the Office Action fails to point to any suggestion or motivation to show why one of ordinary skill in the art would pick and choose features from among the cited references to try to piece together Applicants' invention. Since none of the Carlsson, Julin or McGregor patents teach Applicants' claimed invention and no suggestion or motivation can be found in those references to selectively piece together Applicants' invention, none of Applicants' claims would be obvious in view of the Carlsson, Julin and/or McGregor patents.

Applicants' claims 12, 22 and 34 have been rejected as being "obvious" under 35 U.S.C. § 103(a) over the Carlsson patent in view of the McGregor patent as applied to claims 1,

15, and 25 and further in view of Heinonen's U.S. Patent No. 5,887,266 ("Heinonen patent"). The Heinonen patent teaches a method of allowing a mobile station to make payments for goods and services. The Office Action cites col. 8, lines 43-49 of the Heinonen patent for the proposition that the Heinonen patent discloses transferring balances among a plurality of accounts where the mobile station has internal accounts. Although the Heinonen patent discloses a feature for transferring balances among a plurality of accounts, such as a bank account, a credit account and/or a cash account, such transfers are between accounts maintained external to the mobile station, such as at the bank computer 22. (see, Heinonen patent, col. 10, lns. 25-27; "Internal bank transfers require that the information on the transfers must be updated to the computer 22 in the bank"). Since none of the Carlsson, McGregor or Heinonen patents teach Applicants' claimed invention and no suggestion or motivation can be found in those references to selectively piece together Applicants' invention, none of Applicants' claims would be obvious in view of the Carlsson, McGregor and/or Heinonen patents.

Applicants' claim 1 has been rejected under 35 U.S.C. § 102(e) as being anticipated by Dent's U.S. Patent No. 6,246,870 ("Dent patent"). The Dent patent discloses a multiple-mode communications terminal that assists a subscriber to multiple radiotelephone communications systems to use the least costly communications system. The following information is stored in the communications terminal (or its smart card): the tariffs for each communications system, the critical values (e.g., "free" monthly minutes) at which the tariffs change, and the billing cycle dates at which "free monthly minutes" are replenished. Means in the communications terminal track the communication units used during each billing cycle to determine when a tariff changes (e.g., when "free" monthly minutes are exhausted). For each incoming or outgoing communication, means in the communication terminal compare the then applicable tariff for each communications system to determine the least costly alternative among the available communications systems. The comparison is used to either select the least costly available communications systems or to inform the user so the user can make the selection. Also, if the tariff changes during a communication, the comparison is repeated and, if appropriate, used to hand-off the communication, warn the user of the tariff change or terminate the communication.

A useful example of the Dent patent system is a user who subscribes to a cellular service and a satellite service. Suppose that the satellite subscription gives the user 500 "free" satellite minutes per month and $2 per minute thereafter. By comparison, suppose the cellular subscription gives the user 1000 "free" cellular minutes per month and $0.25 per minute thereafter. If the user starts a satellite phone call having previously used 498 minutes of satellite and 800 minutes of cellular, the phone described in the Dent patent would switch after 2 satellite minutes from satellite to cellular, or warn the user that the user should switch from satellite to cellular, or terminate the satellite call.

Although the Dent patent tracks communication units for multiple subscriptions to determine the current applicable rate, nowhere does the Dent patent disclose: (1) having an account management application on the wireless device to internally store and manage a plurality of accounts on the wireless device and (2) having an accounting application on the wireless device which calculates charges for a communication and cooperates with the account management application to selectively charge one of the plurality of internally stored accounts for said communication. The Dent patent adheres to the conventional wisdom that accounts need to be maintained at the network switch, apparently for security reasons, with charges billed out on a "monthly" basis. (see, Dent patent, col. 5, lns. 41-44; "If enabled, the efficiency management seeks to place each new call via the system, satellite or cellular, which will result in lowest cumulative monthly charge"). Since the Dent patent fails to teach Applicant's invention of a handset based wireless device having multiple internally stored accounts with deductible account balances, the Dent patent would not anticipate or render obvious any of Applicants' pending claims.

C. Conclusion

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance. The issuance of a formal Notice of Allowance at an early date is respectfully requested. If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at (415) 576-0200.

Respectfully submitted,

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